

# Five Things to Look for When Buying a Rental Property

by Isaac Benmergui, Esq

When you decide to purchase an investment property, looking at actual homes is probably the last thing you need to do. First, you need to research, research, research. Determine what kind of cash flow you need to make it worth your while. Figure out the cost of taxes, vacancy, insurance, and property management. Figure out how much you can spend on a property, and more importantly, how much you should spend.

Then you can start looking for an [investment property](#) with these five important things:

1. **Neighborhood.** This is a different kind of consideration than when you buy a home for yourself, but it will impact who is interested in renting or buying your home. The neighborhood will also determine the demand for your property and the cycle of renting or selling. Know the area, who lives there, and what kind of properties sell or rent well there.
2. **Property Taxes.** Taxes vary greatly from city to city and county to county in Florida, and special assessments are a killer. Research the local politics where you want to buy, and get your hands on a recent [TRIM notice](#) to break it down for you, or stop by the local assessor's office.
3. **Listings and Vacancies.** A neighborhood can look great and feel great, but if there are a ton of properties already for sale or rent, there may not be room for you. Check out local listings, prices, and time on the market for either rentals or sales. You always want to have more than one exit strategy.
4. **Future Development.** Future development, city project commitments, planned improvements, or revitalization zone designation can all signal major changes in the area for the better. Gentrification is usually signaled by an increase in yoga studios, independent coffee shops, local art, and other grass roots development.
5. **Jobs.** You won't have renters or buyers where there are no jobs. Make sure the local economy is steady or growing, and that there is opportunity for potential renters or buyers in the price range you are aiming for.

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